

**Minutes of the
Board of Appeal and Equalization
Harris Township
Wednesday, May 9, 2012
9:00am**

Pursuant to due notice and call thereof, a Local Board of Appeals and Equalization was conducted on Wednesday, May 9, 2012 at 9:00am at the Harris Town Hall, with following officers of the board present: Supervisors Larry Key, Gary Rosato, Dennis Kortekaas, and Clerk Michele Smith. Absent: Treasurer Becky Adams.

Also in attendance were Itasca County Assessor Brian Connors, newly hired Assessor/Appraiser Terry Schaedig (Harris Township's former appraiser, Jim Pagel, recently retired), and County Appraisers Russ Namcheck Amber Randall, and Beth Ann Mackey.

There were four (4) Harris Township residents present.

1. Opening Comments

Chairman Key introduced the Local Board of Appeal and Equalization: Supervisors Key, Rosato, and Kortekaas. He then turned the meeting it over to County Assessor Brian Connors.

Connors explained that this meeting was to review the 2012 classifications and assessments/valuations of Harris Township property that are used to calculate taxes payable in 2013. Any person feeling aggrieved could discuss their complaint with the Assessor and the Board. The meeting was to be kept orderly and anyone becoming loud or out of order would be asked to leave. The complaints would be reviewed in the order they appeared on the sign-in list. It was noted that Supervisors Key, Kortekaas and Rosato had all completed the Board of Appeal and Equalization training and certification prior to today's meeting

It was further noted that in order to appear before the *County* Board of Appeal and Equalization, a resident needed to appear before the *Local* Board of Appeal, either in person or via letter.

Connors explained that at the end of today, the board would have two choices – to adjourn, or to recess if more information is needed. If recessed, the date for a second meeting date must be set within 20 days. At that time, they would then finalize any issues and adjourn.

For clarification, Connors explained that only 2 things could be changed at today's meeting:

- The classification for 2012 (such as homestead vs. non homestead, business vs. residential, etc.) that will affect taxable payable in 2013.
- The valuation amount that is shown on the yellow form from the county. (This was *not* a meeting to discuss *taxes* – but rather the property valuations and classifications.)

County wide changes were noted by Connors:

- Zones 2-5: There was a 10% overall reduction to rural vacant land properties for all land sizes. For 10-20 acre lots, there was an addition 5% reduction given.
- There was an overall decrease from 2011 by 2.77%.

In Harris Township:

- 2011 valuation was 402 million; in 2012 valuations were 391 million – a reduction of approximately 10 million.

Packet:

Connors shared with the board/audience, a packet of spread sheets which showed the property sales in Harris Township in 2011. They included a report for all of Harris Township property sales, a report of all Pokegama Lake sales, a report of Pokegama Lake sales just in Harris Township, and a report of non-lake sales in Harris Township.

Consider property owners complaints and answer questions about their assessments.

With no other comments or questions, the residents were called in order of sign-in, to discuss their grievances with the Local Board of Appeal and Equalization:

1.

Taxpayer name(s): Don Klande	Parcel number (s): 19-033-3300
Address: Vacant lot at intersection of NE corner of County Road 445 and County Road 67	Classification:
Nature of grievance: Klande said his EMV was higher than his neighbor's. Also, that land is selling for less than what it's valued at. He noted that recent sales have shown property is selling for approximately \$1,625 per acre. However, just a ½ mile away, and across Co 67, the property is valued at \$2,500 per acre.	
Action taken: Connors explained that Klande's property is partially covered by roadway, so no value is assigned to that portion of his property. The balance of the land, 37.18 acres, is located in zone 2, which did have an overall reduction of 10%. When reviewing the GIS information for the neighboring property, they found that it was a 26 acre parcel, in zone 4 (Wildwood Twp) which has a lower land value than Harris Twp properties in zone 1 and 2. Connors explained that part of the reasoning for this is: The closer you live to Grand Rapids, the higher the land value. It was noted that the County uses a 4-tier system for land values, based on sales. Klande felt zone 2 should start farther south, away from paved Co Rd 67. He also talked about a power line that detracts from land value, which has been cleared recently. Connors found that the power line was in the set-back / ROW area along the border of the property (not diagonally), and so it didn't affect land value. Klande noted that the power line was there before he purchased the property. Connors also reviewed another parcel in Harris Twp, with similar acreage, and timber, but which didn't make the market sale timeframe. This parcel sold for apx at \$66,000, compared to Klande's parcel which is valued at \$88,000; Connors noted, however, that this property did not have direct access to a main road.	

Klande asked what the value was per acre for the 40 acre parcel next to him, along the blacktop. Connors checked, but reminded him that it is located in a different zone. That property had a \$1,634/acre base rate, and Klande's land is valued at apx \$2,100/acre.

Supervisor Rosato felt the zone around Co Rd 455 is very rural, and not indicative of the rest of the township. Connors will monitor sales in this area. However, the Town Board recognized the difference of value between city and township property, between Harris Twp properties and Wildwood Township properties, and the difference between zones within Harris Township.

A motion was made by Rosato for "No change" to Klande's property valuation. There was a 2nd by Supervisor Key, followed by a discussion: Klande asked for something comparable that would justify his land value, which seems high. Connors could not bring up anything online, but looked at "bare land" sales in the packet that was handed out to the board. Of the few that occurred, only 1 was in Harris Twp, but it was in section 16 - which is in a different zone. So, there were no real comparable sales to support Klande's fee. However, the motion and 2nd still stood, and passed by unanimous vote.

2.

Taxpayer name(s): John Millard	Parcel number (s): 19-024-4213
Address: Nancy Drive	Classification:

Nature of grievance:

John shared that his 2010 valuation statement from auditors shows he had 3.1 acres, which matches what his abstract says. However, his 2012 statement shows only 1.96 acres – meaning that his total assessed acres has dropped by 1/3 - yet the lake shore did not move, nor had he lost any physical property. In contrast, his neighbor's property acreage increased, from .6 to .9 acres, and the value went way up...almost doubled.

Millard talked to Connors prior to today, who explained the county went to digital means for determining boundary lines via GPS. Millard also went to the County surveyor's office, where they did find a small flaw in the length x width formula used for 2012.

Millard wanted to know if his acreage and valuation dropped, had he been overcharged in prior years? And if so, was it more than \$27/year as stated by the County?

Connor's explained that Millard has lakeshore property, 130 lineal feet. Of his total property value, that \$52,000 is based on the shoreline – which didn't change. He also has one acre of 'upland', valued at 95,000. Therefore the change in the number of acres doesn't change the assessed value by that much.

However, Connors explained that the County Board of Appeal and Equalization has the power to abate for the current year plus 2 years prior if they find clerical error; this limitation is set by state statute. The County's policy is the current year, plus 1 year.

Connors explained that he understands the taxpayer's frustration, but that the county is using most current and best method available to determine assessed acreage.

Millard thanked Connors, and explained that he came today primarily to inform the town board

about the situation, in case it happens to others; he just wanted to inform others accordingly.

Action taken:

Supervisor Key made a motion to affirm the value of J. Millard's land so he can go to County Board of Appeal if he so desires. The motion was seconded by Supervisor Kortekaas and upon roll call, duly passed by a unanimous vote.

3.

Taxpayer name(s): Richard (Dick) Gunderson	Parcel number (s): 19-519-0130 19-014-1201 19-014-1400, 4200, 4300, 4111 19-013-2400, 1300, 3100, 3200, 3400, 4201, 4301
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Address: Underwood Road	Classification:
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Nature of grievance:

Regarding parcel #19-014-4111, Gunderson wondered why this 14 acre parcel was not listed in the sales packet, as he purchased it in September 2011. Also, he paid \$20,000 for the land, which was listed for \$29,600 and now is valued at \$35,900. Gunderson wants a recalculation of valuation of land to 20,000.

In addition, Gunderson explained that his 40 acre parcel next to this 14 acre one is valued at 30,900 (up from 24,100) – which is less value than the 14 acre parcel; why the difference?

Connor explained that the value is based on aerial photos, captured by the DNR. The infrared photos show growing potential and classification of “upland” (good growing potential). The 14 acre parcel showed 6.62 acres of upland, 3 acres of low land, and 3 acres of swamp land – each with a different valuation, based on table at end of packet (adjusted each year based on sales).

Connor further explained that the 40 acre parcel is enrolled in Green Acres, which it reduces value of the land taxable market value and has lower highland percentage

Regarding why the 14 acre parcel was not in the sales packet, Connors explained that the sale was rejected from study, as it was not typical of the market and thus was not included in the listing. He clarified that “not typical” meant that this property was not on the open market. Gunderson explained that it had been listed for 2 years with a realtor; this conflicted with the information the county had.

Connors explained also that “spearing” is discouraged via statute, as one sale does not make the market. And based on the evidence of other sales, it didn’t fit criteria used by the state.

Gunderson ask about another 40 acre parcel he owns, near Shadywood Road. . That sale was also not included.

Connors explained that it was sold via an estate sale, and therefore not considered.

Action taken:

A motion was made by Supervisor Kortekaas for no change to the valuation of parcel #19-014-4111; the motion was seconded by Rosato and upon roll call, duly passed by a unanimous vote.

Nature of grievance:

Gunderson said that not one value of his properties has gone down in value and he'd like an overall reduction on all properties. He explained that Jack Rajala went to the County and got an overall reduction on all of his parcels.

Connors explained that all of Gunderson's properties are affected by "green acres". Green Acres affects the *taxable* market value (TMV) – not the estimated market value (EMV). They looked at one parcel and found that while the EMV did not drop, the TMV did go up.

The taxes on Green Acres have nothing to do with sales in Itasca County, per Connors, but rather on 5 areas of sales of agricultural land in southern MN. Thus, if sales value increases, Green Acres values also increase in Harris Township. The state sets this rate; the County has no control over this. And the county did not feel a reduction was justified.

Gunderson still felt that the valuations should go down on his properties, even if it doesn't affect the taxes - as land is not selling for the amount shown as EMV indicates.

Connors noted the listing of open land sales referred to in packet noting that the EMV has been low; only a couple sales.

Action taken:

A motion was made by Supervisor Rosato for no change on Gunderson's properties valuations, but encouraged him to go before County Board of Appeal and Equalization; Upon roll call, motion passed by a unanimous vote. In addition, a motion was made by Rosato for no change to all properties owned by Ann and Roy Gunderson, in case they need to go before the county board. Motion was seconded by Supervisor Key and duly passed.

4.

Taxpayer name(s): Peter Lotti	Parcel number (s): 19-650-0240
Address: Verde Lane	Classification:

Nature of grievance:

Lotti came seeking a value adjustment based on the impact of damages to his property from the operation of the gravel pit to the east of his property. As of Jan 27, 2012 Lotti got a court ruling and judgment in his favor that the damage was real, due to the pit operation, and by violation of state common law due to negligence of the extractive use permit and ordinance, and of the county ordinance of non conforming use.

Lottie shared 2006 aerial photos of his property and the neighboring gravel pit. Then he shared 2009 photos and pointed out how his property border changed, due to operation of the pit. And the change in drainage as well.

Rosato verified that this issue is still in court, waiting on action. He would like to wait to take

action as the damage could be repaired/reclaimed/restored if court ordered. However, he understood that the operation of the pit does challenge the value of the property.

Lotti argued that it was proven in lower court that damage was sustained from a neighboring property and therefore, the property's valuation is affected. He felt he had the right to go before the county board.

Conner's commented that the County doesn't have any data to look at to review for similar situations - where a neighboring property owner causes hardship. The closest situation he'd seen, was regarding power lines.

The board reviewed that the damage was on the 5 acre parcel with the structures on it. The board agreed that the damage affects how Lotti accesses and uses his property.

Action taken:

A motion was made by Supervisor Rosato, second by Key, to reduce the EMV land value of Peter Lotti's parcel #19-650-0240 by 25% (apx 10,000 in value), as the property has been directly impacted by gravel pit operation, and a part of property has changed into non productive status. Thus, the property is less attractive in the market place than what it's valued for. Discussion: Lottie expressed that he will be impacted by the cost to restore his property – estimated at \$25,000 - so he didn't feel that a 25% reduction was enough. However, the board explained that they were trying to determine the effect on the market value – not the cost to cure. They felt the reduction would be a step in the right direction. Upon roll call, the motion passed by a unanimous vote.

The county will send Lotti a new valuation notice immediately.

5. Letter of appeal received from: (copy attached to these minutes)

Taxpayer name(s): Shannon Schultz	Parcel number (s): 19-032-4301 19-032-4300 19-032-4412
Address: On Co. Rd 67, down from 9 mile corner	Classification:
Nature of grievance: See letter; resident feels the assessed valuation of his property is too high and unrealistic with the current market. Connor explained that the reason for neighboring land value difference is that the neighbor's land is not contiguous land ownership; smaller parcels are valued less than larger parcels. The neighboring property (Richard Kent's) was reviewed, and it's price per acre. They found that half of the 40 acre parcel is low land vs. the majority of Schultz's property is primarily high land. The board discussed that the zoning of this area may be out of alignment as the valuation did seem high for the area.	

Action taken:

A motion was made by Supervisor Kortekaas to reduce land value by 10% to Shannon Schultz's parcel #19-032-4301. The motion was seconded by Supervisor Rosato and upon roll call, passed by a unanimous vote.

The county will send a revised statement.

A motion was then made by Supervisor Rosato, seconded by Kortekaas, for no action on the other 2 parcels owned by Schultz (4300 and 4412); upon roll call, motion duly passed.

6. Letter of appeal received from: (copy attached to these minutes)

Taxpayer name(s): Regents of Univ of MN	Parcel number (s): 19-004-3402
Address: Harris Town Road	Classification:

Nature of grievance:

The house that was on this property has been removed; it was requested that the *value* of the house also be removed.

Action taken:

A motion was made by Supervisor Rosato to remove \$50,600 value of home on parcel #19-004-3402 / Regents of Univ. of MN, as the house has been removed. The motion was seconded by Supervisor Kortekaas and upon roll call, motion passed by unanimous vote.

The county will send a revised statement.

7. Letter of appeal received from: (copy attached to these minutes)

Taxpayer name(s): Don Mornes	Parcel number (s): 19-002-3100
Address: No road access (Access 2 rating)	Classification: Zone 1 (closer to GR); gets discount for being off the road by 40 acre

Nature of grievance:

See letter attached: Feels valuation is too high on his parcel, compared to other parcels near his. Why the difference between them regarding price per acre (in zone 1)?

Connors:

The first comparison property referenced #19-003-1200 is a tax exempt property, owned by city of Grand Rapids. It is valued as being in zone 2 – but should be in zone 1 - so it was actually zoned less that should be.

Second comparison property #19-035-2300 is in zone 2, which explains the difference in valuation to Mornes's property in zone 1.

Regarding parcel 19-002-2300, it is in zone 2, so that's why it's valued lower. Zone 2 properties are farther away from Grand Rapids city limits.

Action taken:

A motion was made by Supervisor Kortekaas for no change to the valuation of the Mornes property; motion died for lack of second.

After additional discussion, a motion was made by Supervisor Rosato, for no change to Mornes parcel #19-002-3100. Supervisor Kortekaas seconded the motion and upon roll call, motion passed by a unanimous vote.

With no other residents on the docket, nor any other letters of appeal to review, Supervisor Kortekaas made a motion at 12:08pm to adjourn and close the Local Board of Appeal and Equalization meeting. The motion was seconded by Supervisor Rosato and upon roll call, the motion carried and the meeting was adjourned.

Respectfully submitted,

Michele Smith, Clerk